

Message Text

CONFIDENTIAL

PAGE 01 MOSCOW 07520 121728Z

65

ACTION EUR-12

INFO OCT-01 ISO-00 EB-07 L-03 PA-01 PRS-01 USIA-06 /031 W

----- 084972

P 121511Z MAY 76

FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC PRIORITY 3831

INFO USDOC WASHDC PRIORITY

AMEMBASSY PARIS PRIORITY

C O N F I D E N T I A L MOSCOW 7520

USDOC FOR BEWT/TDAD

E.O. 11652: GDS

TAGS: BGEN, EEWT, FR, UR, US

SUBJECT: PECHINEY - SOVIET AGREEMENT ON ALUMINA PLANT CONSTRUCTION

REF: USDOC 8073

1. COMMERCIAL ATTACHE USED OCCASION OF MAY 11 COMMERCIAL OFFICE RECEPTION TO RAISE SUBJECT OF REPORTED PECHINEY-UGINE KUHLMAN (PUK) AGREEMENT WITH SOVIETS FOR CONSTRUCTION OF NIKOLAYEVSK ALUMINA PLANT WITH V.D. TEPLENICHEV, ONE OF DEPARTMENT HEADS IN MINISTRY OF FOREIGN TRADE'S MAIN ADMINISTRATION FOR COMPENSATION PROJECTS. (TEPLENICHEV HAS BEEN DIRECTLY INVOLVED IN EARLIER NEGOTIATIONS WITH BOTH PUK AND ALCOA.)

2. TEPLENICHEV CONFIRMED THAT "GENERAL AGREEMENT" HAD BEEN SIGNED IN PARIS DURING WEEK OF MAY 3 BY DEPUTY MINISTER OF FOREIGN TRADE V.N. SUSHKOV AND PUK OFFICIALS COVERING CONSTRUCTION OF NIKOLAYEVSK PLANT. AS DESCRIBED BY TEPLENICHEV, AGREEMENT SIGNED WAS SOMETHING LESS THAN A FIRM CONTRACT AND SOMETHING MORE THAN A "PROTOCOL". ACTUAL

COMMERCIAL CONTRACTS REMAIN TO BE SIGNED, BUT TEPLENICHEV INDICATED THAT BASIC AGREEMENT HAD BEEN REACHED ON COMMERCIAL TERMS. IN THIS REGARD, TEPLENICHEV EXPLAINED THAT MINISTRY OF FOREIGN TRADE HAD BEEN UNDER GREAT PRESSURE FROM MINISTRY OF NON-FERROUS METALLURGY TO MOVE AHEAD WITH NIKOLAYEVSK PROJECT. HE NOTED THAT THERE HAD PREVIOUSLY BEEN PROBLEMS WITH PUK IN COMMERCIAL AREA AND THAT FRENCH

CONFIDENTIAL

PAGE 02 MOSCOW 07520 121728Z

HAD BEEN PREPARED TO DROP ENTIRE PROJECT BEFORE SOVIET SIDE TOOK

STEPS REQUIRED TO REACH AGREEMENT. (COMMENT: TEPLENICHEV IMPLIED THAT SOVIETS HAD MADE SOME RATHER SUBSTANTIAL CONCESSIONS ON MATTERS SUCH AS PRICE OF BUY-BACK ALUMINA AND PAYMENT FOR PUK'S TECHNOLOGY/ENGINEERING/MANAGEMENT SERVICES. HIS VERSION OF SITUATION LEADING UP TO SIGNING OF GENERAL AGREEMENT LAST WEEK IS CONSISTENT WITH THAT OF FRENCH EMBOFF, WHO ADVISED COMMATT (SEE MOSCOW 6659) THAT FRENCH REGARDED SUSHKOV'S NEGOTIATIONS IN PARIS AS "MAKE OR BREAK" TALKS AS FAR AS FRENCH INVOLVEMENT IN SOVIET ALUMINUM PROJECTS WAS CONCERNED.)

3. TURNING TO QUESTION OF ALUMINUM REDUCTION PLANT, TEPLENICHEV SAID THAT SOVIETS REMAINED VERY INTERESTED IN REACHING AGREEMENT WITH ALCOA ON THIS PART OF PROJECT AND SAID THAT ALCOA WAS PREFERRED BY SOVIETS ON TECHNICAL GROUNDS. HOWEVER, HE NOTED THAT AVAILABILITY OF FRENCH FINANCING GAVE PUK CONSIDERABLE ADVANTAGE IN COMPETITION FOR THIS CONTRACT.

4. COMMENT: COMMERCIAL OFFICE IS SOMEWHAT SURPRISED BY ALCOA'S REPORTED REACTION TO SIGNING OF PUK-SOVIET CONTRACT FOR ALUMINA PLANT. IT HAD BEEN OUR UNDERSTANDING FOR SOME TIME THAT SOVIETS WERE SERIOUSLY CONSIDERING DIVIDING ALUMINUM PROJECT INTO TWO PARTS, WITH PUK PROBABLY GETTING ALUMINA PLANT TO BE BUILT AT NIKOLAYEVSK AND ALCOA POSSIBLY GETTING ALUMINUM REDUCTION PLANT PLUS ROLLING MILL AT SAYANO-SUSHENSK. THIS POSSIBILITY WAS DISCUSSED IN DECEMBER 1975 BY DEPUTY MINISTER SUSHKOV AND ALCOA OFFICIAL EDWARD WHITE (SEE 75 MOSCOW 17907). SUSHKOV TOOK ESSENTIALLY SAME LINE IN DECEMBER 18, 1975 DISCUSSION WITH BEWT DEPUTY ASSISTANT SECRETARY DOWNEY (SEE 75 MOSCOW 18158). WE HAVE NOT HAD ADVANTAGE OF SEEING PRESS REPORTS CITED REFTEL, BUT DOUBT THAT PUK WAS GIVEN CONTRACT FOR ENTIRE PROJECT (I.E. ALUMINUM REDUCTION PLANT AND ROLLING MILL AS WELL AS ALUMINA PLANT. PLEASE ADVISE IF EITHER USDOC OR ALCOA WISHES US TO RAISE MATTER WITH SOVIETS HERE. STOESSEL

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CONSTRUCTION, AGREEMENTS, BUILDINGS, PROGRAMS (PROJECTS)
Control Number: n/a
Copy: SINGLE
Draft Date: 12 MAY 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: vogelfj
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976MOSCOW07520
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: RR
Errors: N/A
Film Number: D760183-0704
From: MOSCOW
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760563/aaaacbwg.tel
Line Count: 94
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: vogelfj
Review Comment: n/a
Review Content Flags:
Review Date: 26 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 APR 2004 by SmithRJ>; APPROVED <16 AUG 2004 by vogelfj>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PECHINEY - SOVIET AGREEMENT ON ALUMINA PLANT CONSTRUCTION
TAGS: BGEN, EEWT, FR, UR, US
To: SECSTATE WASHDC
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006